

**NEW JERSEY BOARD OF PUBLIC UTILITIES**

**Courtesy Copy of Proposed Amendment to N.J.A.C. 14:4-9.3  
NET METERING AND INTERCONNECTION STANDARDS FOR CLASS I  
RENEWABLE ENERGY SYSTEMS**

**BOARD OF PUBLIC UTILITIES** .....1  
**Summary** .....2  
**Social Impact** .....2  
**Economic Impact** .....2  
**Federal Standards Statement** .....3  
**Jobs Impact** .....3  
**Agriculture Industry Impact** .....3  
**Regulatory Flexibility Analysis** .....3  
**Smart Growth Impact** .....4  
**14:4-9.3 Net metering general provisions** .....4

**PUBLIC UTILITIES**  
**BOARD OF PUBLIC UTILITIES**

**Net Metering and Interconnection Standards for Class I Renewable Energy Systems  
Proposed Amendment: N.J.A.C. 14:4-9.3 Net Metering General Provisions**

Authorized By: New Jersey Board of Public Utilities, Jeanne M. Fox,  
President, Frederick F. Butler, Connie O. Hughes, and Jack  
Alter, Commissioners

Authority: N.J.S.A. 48:2-13 and 48:3-49 et seq. in particular 48:3-87

Calendar Reference: Exempt by virtue of a 60-day comment period.

BPU Docket Number: EX05020167

Proposal Number: PRN 2004-

Submit comments by July 1, 2005 to:

New Jersey Board of Public Utilities  
Kristi Izzo, Secretary  
**ATTN: BPU Docket Number: EX05020167**  
Two Gateway Center  
Newark, New Jersey 07102

**The agency proposal follows:**

**Summary**

The New Jersey Board of Public Utilities (Board) is proposing an amendment to its rules for net metering at N.J.A.C. 14:4-9.3. These rules implement provisions of the New Jersey Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (EDECA).

The proposed amendment is to N.J.A.C. 14:4-9.3, which governs the generating capacity of a customer-generator facility under the net metering program. The existing rule limits interconnection to system capacity equivalent to customer's "peak" electrical needs which implies limits based upon exhibited electrical demand versus limits based upon exhibited electricity consumption. The proposed amendment allows the generating capacity of a customer-generator's facility to meet the customer's electrical needs. This change will prevent the cost and confusion that stems from an inconsistency between the existing rule and the Board's Customer On-site Renewable Energy (CORE) program.

The Office of Clean Energy (OCE) CORE program currently provides a rebate for customer-generator systems that meet specific criteria for annual electric use. Confusion exists because the CORE program could provide a rebate for a system to which an electric distribution company (EDC), based upon "peak" electric needs, may deny interconnection. Therefore, it is possible for a customer-generator to install a generation system using the CORE program and subsequently be denied interconnection to the grid. Such a result is contrary to New Jersey's Clean Energy Program because the full benefits associated with the Clean Energy Program are not realized. In effect, ratepayers will have subsidized the installation costs for a system that is never allowed to operate. Additionally, without the amendment, additional cost and administrative burdens will likely occur in negotiating and settling disagreements over the definition of "peak" energy needs and/or the interconnection of a generator-customer.

As the Board has provided a 60-day comment period on these proposed amendments, the proposed amendments are exempted from the rulemaking calendar requirements set forth at N.J.A.C. 1:30-3.1 and 3.2, pursuant to N.J.A.C. 1:30-3.3(a)5.

**Social Impact**

The proposed amendment will have a minimal social impact, but that impact will be positive in that more New Jersey customers will be encouraged to install and operate facilities for clean, distributed energy generation. EDCs will not be able to deny interconnection requests for systems potentially larger than the customer's peak energy needs. This will encourage more customers to install and operate facilities for clean, distributed energy generation without the confusion and burden associated with measuring and sizing for peak energy needs.

**Economic Impact**

The proposed amendment eliminates the administrative cost of measuring, recording, and sizing a facility for peak energy needs. Therefore, the proposed amendment will provide a positive

economic affect on customer-generators. Additionally, some electricity customers do not have a demand meter and therefore do not have the ability to accurately measure their peak energy usage. Therefore, these customers do not have a method to measure their peak interconnection limit without installing a demand meter. Eliminating the need to install a demand meter eliminates this cost and allows customers without a demand meter to take advantage of the net metering rules.

### **Federal Standards Statement**

Executive Order No. 27 (1994) and N.J.S.A. 52:14B-1 et seq. require State agencies that adopt, readopt or amend State regulations that exceed any Federal standards or requirements to include in the rulemaking document a Federal Standards Analysis. N.J.A.C. 14:4-9.3 is not promulgated under the authority of, or in order to implement, comply with or participate in any program established under Federal law or under a State statute that incorporate or refers to Federal law, Federal standards, or Federal requirements. Accordingly, Executive Order No. 27 (1994) and N.J.S.A. 52:14B-1 et seq. does not require a Federal Standards Analysis for this proposed amendment.

### **Jobs Impact**

The Board does not anticipate that this proposed amendment will have a significant impact on jobs in New Jersey. To the extent that the proposed amendment stimulates construction of more renewable energy generation in New Jersey, this would increase jobs for the designers, builders, and installers of renewable energy equipment.

### **Agriculture Industry Impact**

The Board does not anticipate that the proposed amendments will have any impact on the agriculture industry in New Jersey.

### **Regulatory Flexibility Analysis**

A small business, as defined in the New Jersey Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., is a business that has fewer than 100 employees. The proposed amendment will apply to EDCs, small commercial customer-generators that wish to net meter; and the consultants, contractors, and manufacturers that design, build and install the equipment needed for net metering. None of the EDCs are small businesses. The Board estimates that approximately 25 to 50 small commercial customer-generators will apply for interconnection and net metering each year, and the majority of these are likely to be small businesses. In addition, there are approximately 100 consultants, contractors, and manufacturers in New Jersey that design, supply, and install net metering equipment, all of which are small businesses.

However, it is not anticipated that the proposed amendment will impose any additional reporting, recordkeeping or other compliance requirements for those small businesses to which the rule applies. By eliminating the need to keep records of energy needs during the year, the

amendment will reduce the compliance requirements for the small commercial customer-generators.

### **Smart Growth Impact**

The Board anticipates that the proposed amendment will have no impact on either the achievement of smart growth or the implementation of the State Development and Redevelopment Plan. The State Plan is intended to "provide a coordinated, integrated and comprehensive plan for the growth, development, renewal and conservation of the State and its regions" and to "identify areas for growth, agriculture, open space conservation and other appropriate designations." N.J.S.A. 52:18A-199a. Smart growth is based on the concepts of focusing new growth into redevelopment of older urban and suburban areas, protecting existing open space, conserving natural resources, increasing transportation options and transit availability, reducing automobile traffic and dependency, stabilizing property taxes, and providing affordable housing." These rules apply uniformly Statewide and the Board does not expect that they will affect the location of future development. Therefore, the proposed amendment will not impact smart growth or the State Plan.

Full text of the proposed amendment follows (addition indicated in boldface thus; deletion indicated with brackets [thus]):

#### **14:4-9.3 Net metering general provisions**

(a) All Electric Distribution Companies (EDC) and supplier/providers, as defined at N.J.A.C. 14:4-9.2, shall offer net metering to their residential and small commercial customers, as defined at N.J.A.C. 14:4-9.2, that generate electricity, on the customer's side of the meter, using class I renewable energy sources, provided that the generating capacity of the customer-generator's facility does not exceed two megawatts, and does not exceed the [customer's peak electric needs] amount of electricity supplied by the electric power supplier or basic generation service provider to the customer over an annualized period.

(b) – (l) (No change).